

HOUSE BILL 117

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H
HB 830/02 - CGM

2003 Regular Session
3r1211
CF 3r1522

By: **Delegates Love, Sophocleus, Boschert, Conroy, Costa, Feldman, Fulton,
Harrison, Jameson, Kach, Kirk, Krysiak, Minnick, and Moe**

Introduced and read first time: January 24, 2003

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 20, 2003

CHAPTER _____

1 AN ACT concerning

2 **Banking Institutions - Truncated Accounts**

3 FOR the purpose of repealing certain provisions of law requiring certain banking
4 institutions to offer customers a certain checking account plan and to provide
5 certain information to a customer opening a truncated checking account;
6 ~~clarifying that a request by a customer with a truncated account for return of a~~
7 ~~check must be in writing; requiring a banking institution that returns check~~
8 ~~facsimiles instead of original checks to a customer who has requested the return~~
9 ~~of a check for tax audits, litigation, or in connection with campaign financing~~
10 ~~reporting requirements to return to the customer, on the customer's request,~~
11 ~~certain check facsimiles at no additional cost to the customer; altering the~~
12 ~~purposes for which a customer with a truncated account may request the return~~
13 ~~of a check; altering the number of checks that a banking institution must return~~
14 ~~to a customer with a truncated account under certain circumstances; clarifying~~
15 ~~that a banking institution may return a check facsimile instead of an original~~
16 ~~check to a customer under certain circumstances; requiring a banking~~
17 ~~institution, on request of a customer with a certain truncated account, to return~~
18 ~~to the customer, on a regular basis, the customer's original checks or certain~~
19 ~~check facsimiles under certain circumstances; requiring a banking institution,~~
20 ~~on request of a customer with a certain truncated account, to return to the~~
21 ~~customer, on a regular basis and at no additional cost to the customer, certain~~
22 ~~check facsimiles under certain circumstances; defining certain terms; making~~
23 ~~stylistic changes; providing for a delayed effective date; and generally relating to~~
24 truncated accounts offered by banking institutions to their customers.

25 BY repealing and reenacting, with amendments,

26 Article - Financial Institutions

1 Section 5-513
2 Annotated Code of Maryland
3 (1998 Replacement Volume and 2002 Supplement)

4 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
5 MARYLAND, That the Laws of Maryland read as follows:

6 **Article - Financial Institutions**

7 5-513.

8 [(a) A banking institution offering truncated checking accounts shall also offer
9 customers a checking account plan that provides for the return of canceled checks on
10 a monthly basis.

11 (b) When a customer opens a truncated checking account, the banking
12 institution shall inform the customer of the length of time the banking institution
13 intends to keep the original canceled checks.]

14 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
15 INDICATED.

16 (2) "CHECK" MEANS A DRAFT THAT IS DRAWN ON A BANKING
17 INSTITUTION AND PAYABLE ON DEMAND.

18 (3) "CHECK FACSIMILE" MEANS A COPY OF AN ORIGINAL CHECK
19 REPRODUCED THROUGH PHOTOGRAPHIC, PHOTOSTATIC, MICROFILM, MICROCARD,
20 MINIATURE PHOTOGRAPHIC, OPTICAL IMAGING, ELECTRONIC, DIGITAL, MAGNETIC,
21 WIRELESS, ELECTROMAGNETIC, OR OTHER PROCESS THAT ACCURATELY
22 REPRODUCES OR FORMS A DURABLE MEDIUM FOR REPRODUCING THE ORIGINAL
23 CHECK.

24 (4) "DRAFT" HAS THE MEANING STATED IN § 3-104 OF THE COMMERCIAL
25 LAW ARTICLE.

26 (5) "TRUNCATED ACCOUNT" MEANS A CHECKING, NEGOTIABLE ORDER
27 OF WITHDRAWAL, OR SIMILAR DEPOSIT ACCOUNT FOR WHICH THE ORIGINAL
28 CHECKS DRAWN ON THE ACCOUNT ARE NOT RETURNED TO THE CUSTOMER ON A
29 REGULAR BASIS.

30 [(c) (B) (1) (I) [When a customer elects not to receive canceled checks on a
31 regular basis, the banking institution shall, upon the customer's request,] ON
32 ~~WRITTEN~~ REQUEST OF A CUSTOMER WITH A TRUNCATED ACCOUNT, A BANKING
33 INSTITUTION SHALL return any check [or check facsimile] the customer requires for
34 tax audits or litigation OR IN CONNECTION WITH CAMPAIGN FINANCE REPORTING
35 REQUIREMENTS UNDER THE ELECTION LAW ARTICLE, at no cost to the customer.

36 (II) IF A BANKING INSTITUTION RETURNS CHECK FACSIMILES
37 INSTEAD OF ORIGINAL CHECKS TO A CUSTOMER UNDER SUBPARAGRAPH (I) OF THIS

1 PARAGRAPH, ON REQUEST OF THE CUSTOMER, THE BANKING INSTITUTION SHALL
2 RETURN TO THE CUSTOMER, AT NO ADDITIONAL COST TO THE CUSTOMER, CHECK
3 FACSIMILES OF THE FRONT AND THE BACK OF THE CUSTOMER'S ORIGINAL CHECKS
4 THAT ARE AT LEAST THE SAME SIZE AS THE CUSTOMER'S ORIGINAL CHECKS.

5 (2) ~~It~~ SUBJECT TO THE REQUIREMENTS OF SUBSECTION (C)(1) AND
6 (2) OF THIS SECTION, IN all other instances, ON WRITTEN REQUEST OF A CUSTOMER
7 WITH A TRUNCATED ACCOUNT, the banking institution[, at the customer's request,]
8 shall [provide] RETURN a [minimum] MAXIMUM of 2 checks [or check facsimiles]
9 per month, at no cost to the customer.

10 (3) A BANKING INSTITUTION REQUIRED TO RETURN A CHECK TO A
11 CUSTOMER UNDER THIS SUBSECTION MAY RETURN A CHECK FACSIMILE INSTEAD
12 OF THE ORIGINAL CHECK.

13 (C) (1) ON REQUEST OF A CUSTOMER WITH A TRUNCATED ACCOUNT UNDER
14 WHICH THE CUSTOMER DOES NOT RECEIVE CHECK FACSIMILES ON A REGULAR
15 BASIS, A BANKING INSTITUTION SHALL RETURN TO THE CUSTOMER ON A REGULAR
16 BASIS, AT THE BANKING INSTITUTION'S OPTION, EITHER THE CUSTOMER'S ORIGINAL
17 CHECKS OR CHECK FACSIMILES OF THE FRONT OF THE CUSTOMER'S ORIGINAL
18 CHECKS.

19 (2) ON REQUEST OF A CUSTOMER WITH A TRUNCATED ACCOUNT UNDER
20 WHICH THE BANKING INSTITUTION RETURNS CHECK FACSIMILES ON A REGULAR
21 BASIS, A BANKING INSTITUTION SHALL RETURN TO THE CUSTOMER ON A REGULAR
22 BASIS, AT NO ADDITIONAL COST TO THE CUSTOMER, CHECK FACSIMILES OF THE
23 FRONT OF THE CUSTOMER'S ORIGINAL CHECKS THAT ARE AT LEAST THE SAME SIZE
24 AS THE CUSTOMER'S ORIGINAL CHECKS.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 ~~June 1, 2003~~ January 1, 2004.